kind, and that this rule should be made applicable to the other major Devaswoms also when their *pathivus* are revised. The contract system of supplies is gradually replacing the old objectionable method of purchases in the market by the subordinates of these Devaswoms. The policy of associating local gentlemen of light and leading with the management of minor and petty Devaswoms and the restoration of minor Devaswoms, announced in my Address last year, is being vigorously pursued, 17 institutions having so far been transferred to private management and 13 having been arranged to be restored at the joint cost of the Government and the people interested. A special officer has been appointed to overhaul the affairs of one more personal deposit Devaswom.

58. Efficiency. An audit and appropriation report was issued by the Account Officer in 1097 on the accounts of 1096, instead of the usual annual memorandum and review of objections. A further improvement was introduced in regard to the accounts of 1097 by the issue of separate reports on their audit and appropriation and it is proposed to continue the same system for the future. With a view to the reduction of account work in central offices, certain officers of the intermediary grade have been authorised to draw fully vouched contingent bills and to countersign detailed contingent and travelling allowance bills received from officers subordinate to them. Revised instructions have been issued regarding the operations of the Outside Audit branch of the Account Office, under which the detailed periodical examination of the accounts, registers and records of the several departmental offices is provided for, the results of the inspections being set forth in two documents termed the inspection report and the audit note, the former dealing with the more important defects of procedure and the latter with the errors and irregularities that may be directly disposed of by the head of the office himself. The leave rules in the Service Regulations have been amended so as to provide for the accumulation of privilege leave up to four months in the case of officers in the superior service. Provision has also been made for the grant of furlough leave on full average salary for a period not exceeding six months in lieu of furlough on half average salary for double that period, to officers the pay or maximum pay of whose appointment is not less than Rs. 200. The rules regarding the compulsory retirement of officers have been altered, it being declared that, while ministerial officers may ordinarily be retained in service up to the age of 60, provided they are efficient, other officers should be required to retire at the the age of 55, unless their retention is deemed necessary on unquestionable public grounds and they continue to be physically fit. The questions relating to a general revision of the travelling allowance rules and the devolution of powers on heads of departments are engaging the attenion of Government. A number of departmental examinations such as the Revenue Test, the Account Test, the Excise Test, the Registration Test and the Anchal Test have been introduced with a view to the improvement of efficiency in the work of these departments. The provisions of the study leave rules introduced for the first time in 1096 are being largely availed of. The preparation of departmental manuals is progressing and a *Devaswom Handbook* was issued in 1098. The issue of the *Land Revenue Manual* and a Malayalam translation thereof in a handy and up-to-date form is a pressing necessity and the question is engaging the attention of Government. The system of direct distribution of stationery from the Government Stores to the several departments has been instrumental in securing expedition of supply and avoidance of waste. Much saving has been effected in the purchase, supply and consumption of stationery of all kinds with the result that, at the beginning of 1099, it was possible to pay off all arrears due to Messrs. John Dickinson and Co., and it was thought sufficient to provide a sum of Rs. 1·74 lakhs under the head of stationery in the current year's budget, against an expenditure of Rs. 5·84 lakhs in 1097 and Rs. 4·39 lakhs in 1098. Some progress has also been made in the standardisation of printed forms in use by the several departments and some reduction has been effected in their number by the introduction of common forms. Several offices have been inspected by the Superintendent of Stationery and waste of stationery and printed forms detected and remedies suggested. Several economies have been introduced into the Government Press as preliminary to the further economies to be effected after an examination of the comprehensive report on the working of this institution

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submitted by a committee appointed for the purpose. Mention has already been made of the report of the P. W. D. Workshops Committee and it is hoped that the orders to be passed on that report would result in a substantial reduction of expenditure on that institution. A scheme is also in contemplation under which the Central Prison will show an increased output from its textile section, meeting more largely the requirements of the several departments of Government in respect of such articles as *dungaree* cloth, tape and towels. With a view to obviate malpractices, Government stamp papers of values ranging from Re. 1 to Rs. 10 have been made to replace labels of the same denominations from the beginning of the current year, while labels of a larger size have been issued as regards stamps of the half-rupee denomination, providing space therein for the entry of the name and the signature of the purchaser and the vendor respectively.

59. The several measures adopted in recent years to improve the efficiency of the Secretariat and other public offices have been detailed in my previous Addresses and do not call for recapitulation. The rate of increase in administrative and clerical work due to the adoption of new and progressive policies has, however, been too rapid to be fully overtaken by those measures, and it is becoming increasingly manifest that further measures to secure simplification of routine and expedition of disposal are imperative. With a view to introduce such measures in the Huzur Secretariat as a first step and to train a sufficient number of officers through whom the reforms could reach the other public offices in the State in due time, the services of Mr. V. Sekhara Menon, who has just retired as Assistant Secretary to the Madras Government, and whose knowledge of the latest improvements in office routine and secretariat work is intimate, have been engaged.

60. Finance. Unlike the years 1096 and 1097, which resulted in deficits to the extent of Rs. 1·47 and ·48 lakhs respectively, the year 1098 closed with a surplus of Rs. 7·60 lakhs. The revenue under income-tax rose from Rs. 4·18 lakhs in 1097 to Rs. 5·02 lakhs in 1098, mainly as the result of taxing tea; a quasi-agricultural product. The rules issued on the subject provide for the assessment to income-tax of 25 per cent. of the income derived from that industry. While there has been a gradual fall in the revenue under excise during the last two years, the revenue under stamps and registration is steadily recovering. The working of the railway resulted in a large deficit last year, owing chiefly to the decrease in traffic, the very high rates of interest temporarily paid on loans and the increase in working charges ; but as the first two causes are not constant factors, it is not unreasonable to assume that such large deficits will soon be things of the past. The enhanced salt tax, no doubt, contributed to the large surplus of 1098; but even without that enhancement, the year would have closed with a surplus of nearly Rs. 3½ lakhs. No credit has been taken in the current year's budget on account of this enhancement beyond the month of February and yet this budget is expected to close with a surplus of over Rs. 2 lakhs. The prospects of the current year have so far been encouraging. All things considered, there is no reason to doubt the basic soundness of our financial position. Government do not, however, forget that their normal fiscal resources are not capable of indefinite expansion, and that, however much they may desire to advance along new lines of national reconstruction, the pace of such advance cannot be sufficiently rapid, so long as their resources are not substantially supplemented.

Popular Institutions.

61. Municipal Councils. The activities of the Municipal Councils have scarcely yet begun to move beyond routine lines, and hitherto several among the obligatory functions specified in Section 58 of Regulation V of 1095 have not been assumed even by the major municipalities of the State. Signs of a desire for fresh activities are, at the same time, not altogether wanting. The Municipalities of Nagercoil and Alleppey have taken over from Government the maintenance of minor roads and streets within their jurisdiction on receipt of the full Government grant during the first year and a moiety thereof during the succeeding four years, while those of Alwaye, Parur, Shencottah, Kuzhittura, Quilon and Trivandrum have set

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